



Quarterly Update

To 31 October 2019

Highlights

- **NAV per share of 1,140.4p**
 - Total return of +9.7% over the nine months
 - Total return of -2.5% over the quarter; performance impacted by foreign exchange movements
- **Continued positive underlying performance across the portfolio**
- **Cash generative portfolio with healthy level of realisations at significant uplifts to carrying value and multiples of cost**
- **Continued development of new high-quality manager relationships and highly selective co-investment programme**
 - Further increasing exposure to the North American market, which now represents 30% of the portfolio
- **Active management of the portfolio, post the reporting period, one secondary sale has been completed at a premium to fund valuation**
- **NAV and share price continue to outperform the FTSE All-Share Index over one, three, five and 10 years**

Business review

Continued strong performance across the portfolio

- Investment portfolio valued at £782.6m¹
 - +12.4% portfolio return for the first nine months of the financial year; +12.6% on a constant currency basis
 - -2.1% portfolio return for the quarter; +2.1% on a constant currency basis
 - Impact of FX movements negative during the quarter but broadly neutral over the nine months

Portfolio is cash generative

- 16 full realisations in the quarter; £40.5m of proceeds received
 - Realisation of Abode Healthcare co-investment alongside Tailwind III at 2.0x cost, generating proceeds of £9.8m, an IRR of 81%
- 41 full realisations in the first nine months of the financial year; £108.1m of proceeds received
 - Realisations at a 34% uplift to carrying value; 2.3x multiple of cost

¹ 85% of the Portfolio is valued using 30 September 2019 (or later) valuations.

Selective investment into a number of compelling high conviction investment opportunities

- High conviction investments (ICG directly controlled investments, third-party co-investments and secondary investments) comprise 41% of investment portfolio

- Two US co-investments completed during the quarter, each alongside leading US mid-market managers
 - \$10m (£8.1m) into VitalSmarts, a leading provider of corporate training courses, our second co-investment alongside Leeds Equity
 - \$10m (£7.8m) into Berlin Packaging, a provider of global packaging services and supplies, alongside Oak Hill Capital Partners

- £45.7m of new investment in the quarter; £109.6m in the nine months
 - High conviction investments 36% of capital deployed in quarter; 37% in nine months
 - Focus remains on defensive growth, structural downside protection and relative value
 - The portfolio is well balanced across a range of developed markets; US exposure now 30% of the portfolio having more than doubled as a proportion of the portfolio since 2016 when ICG became manager

- £34.5m new primary commitments to three funds in the quarter including two new leading European managers (Carlyle and Investindustrial)
 - €10m (£8.6m) commitment to Carlyle Europe V, focused on mid-market European buyouts
 - €15m (£13.6m) commitment to Investindustrial VII, focused on Southern European mid-market buyouts, with a specific focus on Italy and Spain
 - \$15m (£12.4m) commitment to Gridiron IV, a US mid-market buyout fund

- In total, £152.4m of new primary commitments have been made to eleven funds in the first nine months of the financial year

Continued cash generation and new investment opportunities since quarter end

- Further £37.7m of proceeds received since the quarter end², including £8.2m from a secondary sale at a premium to the prior valuation
 - The secondary market is a key tool for actively managing the portfolio both from a new investment and a realisation perspective

- £34.1m of new investment, including £13.1m redeployed into a restructuring transaction alongside PAI Partners, whereby we chose to continue to hold the majority of our holding in Froneri, alongside PAI Partners. We first invested in Froneri, which is the third largest manufacturer and distributor of ice cream worldwide, in 2013, via our commitment to PAI V and directly via a co-investment alongside the fund. The original investment delivered a strong return having quadruped EBITDA in the last five years of PAI ownership.

² As at 31 December 2019

Strong balance sheet

- Closing net asset value of £786.2m; investment portfolio represents 99.5% of net asset value
- Cash balance of £33.1m; uncalled commitments of £493.7m
 - £184.8m total liquidity (including £151.7m undrawn bank facility)

Dividend

- Third quarter dividend of 5p declared, taking dividends for the nine months to 15p
 - Third quarter dividend will be paid on 6 March 2020
 - The ex-dividend date will be 13 February 2020 and the record date 14 February 2020

Board

- Since the period end, non-executive director, Jane Tufnell, has been appointed Chair-designate and will succeed Jeremy Tighe when he steps down from the Board at the AGM in June 2020

Consistent strong performance

The performance of the Company remains strong over the short, medium and long term

| Performance to 31 October 2019 | 3 months | 9 months | 1 year | 3 years | 5 years | 10* years |
|---------------------------------------|-----------------|-----------------|---------------|----------------|----------------|------------------|
| Net asset value per share (TR) | -2.5% | +9.7% | +11.3% | +48.5% | +86.7% | +226.4% |
| Share price (TR) | +7.0% | +15.6% | +15.5% | +53.8% | +85.5% | +242.4% |
| FTSE All-Share Index (TR) | -2.1% | +8.3% | +6.8% | +19.3% | +37.9% | +117.9% |

* As the Company changed its year end in 2010, the ten-year figures are for the 121 month period to 31 October 2019.

Oliver Gardey, Head of Private Equity Fund Investments, ICG, commented:

“The portfolio has continued to deliver strong underlying returns in the third quarter. We have continued to deploy capital into private companies with strong defensive characteristics in sectors with non-cyclical growth drivers. We are pleased with the progress made on increasing our portfolio weighting to international markets.

The portfolio continues to report realisations at significant uplifts to carry value and cost, and we believe it is well positioned to continue to generate value for shareholders, as well as weather political and economic uncertainty. We have continued to build new high-quality manager relationships successfully which will offer us unique private market insights and investment opportunities in the future.”

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Disclaimer

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Supplementary information

The 30 largest underlying investments

The table below presents the 30 companies in which ICG Enterprise had the largest investments by value at 31 October 2019. These investments may be held directly or through funds, or in some cases in both ways. The valuations are gross and are shown as a percentage of the total investment Portfolio.

| | Company | Manager | Year of investment | Country | Value as a % of Portfolio |
|----|--|-----------------------|--------------------|-------------|---------------------------|
| 1 | DomusVi + Operator of retirement homes | ICG | 2017 | France | 3.7% |
| 2 | City & County Healthcare Group Provider of home care services | Graphite Capital | 2013 | UK | 3.0% |
| 3 | Minimax + Supplier of fire protection systems and services | ICG | 2018 | Germany | 2.7% |
| 4 | Froneri +^ Manufacturer and distributor of ice cream products | PAI Partners | 2013 | UK | 2.6% |
| 5 | PetSmart + Retailer of pet products and services | BC Partners | 2015 | USA | 2.4% |
| 6 | Roompot + Operator and developer of holiday parks | PAI Partners | 2016 | Netherlands | 2.3% |
| 7 | Yudo + Manufacturer of components for injection moulding | ICG | 2018 | South Korea | 2.0% |
| 8 | Beck & Pollitzer Provider of industrial machinery installation and relocation | Graphite Capital | 2016 | UK | 1.9% |
| 9 | LeafFilter Provider of gutter protection solutions | Gridiron | 2016 | USA | 1.8% |
| 10 | Visma + Provider of accounting software and accounting outsourcing services | ICG | 2017 | Norway | 1.8% |
| 11 | System One + Provider of specialty workforce solutions | Thomas H Lee Partners | 2016 | USA | 1.8% |
| 12 | ICR Group Provider of repair and maintenance services to the energy industry | Graphite Capital | 2014 | UK | 1.7% |
| 13 | Gerflor^ Manufacturer of vinyl flooring | ICG | 2011 | France | 1.7% |
| 14 | Supporting Education Group +^ Provider of temporary staff for the education sector | ICG | 2014 | UK | 1.6% |
| 15 | Doc Generici + Retailer of pharmaceutical products | ICG | 2019 | Italy | 1.6% |

| | Company | Manager | Year of investment | Country | Value as a % of Portfolio |
|---|---|---------------------------|---------------------------|----------------|----------------------------------|
| 16 | IRI + Provider of data and predictive analytics to consumer goods manufacturers | New Mountain | 2018 | USA | 1.5% |
| 17 | nGAGE Provider of recruitment services | Graphite Capital | 2014 | UK | 1.4% |
| 18 | Endeavor Schools + Operator of schools | Leeds Equity Partners | 2018 | USA | 1.4% |
| 19 | YSC Provider of leadership consulting and management assessment services | Graphite Capital | 2017 | UK | 1.3% |
| 20 | Berlin Packaging + Provider of global packaging services and supplies | Oak Hill Capital Partners | 2019 | USA | 1.2% |
| 21 | PSB Academy + Provider of private tertiary education | ICG | 2018 | Singapore | 1.1% |
| 22 | VitalSmarts + Provider of corporate training courses focused on communication skills and leadership development | Leeds Equity Partners | 2019 | USA | 1.0% |
| 23 | Compass Community Provider of fostering services and children residential care | Graphite Capital | 2017 | UK | 1.0% |
| 24 | David Lloyd Leisure + Operator of premium health clubs | TDR Capital | 2013 | UK | 0.9% |
| 25 | Ceridian + Provider of payroll and human capital software | Thomas H Lee Partners | 2007 | USA | 0.8% |
| 26 | U-POL ^ Manufacturer and distributor of automotive refinishing products | Graphite Capital | 2010 | UK | 0.8% |
| 27 | Cognito +^ Supplier of communications equipment, software & services | Graphite Capital | 2002 / 2014 | UK | 0.7% |
| 28 | EG Group Operator of petrol station forecourts | TDR Capital | 2014 | UK | 0.6% |
| 29 | RegEd + Provider of regulatory compliance and management software products | Gryphon Investors | 2019 | USA | 0.6% |
| 30 | Alerian^ Provider of data and investment products focused on natural resources | ICG | 2018 | USA | 0.5% |
| Total of the 30 largest underlying investments | | | | | 47.2% |

+ All or part of this investment is held directly as a co-investment or other direct investment.

^ All or part of this investment was acquired as part of a secondary purchase.

The 30 largest fund investments

The 30 largest funds by value at 31 October 2019 are:

| | Fund | Year of commitment | Country/region | Value £m | Outstanding commitment £m |
|----|---|--------------------|----------------|----------|---------------------------|
| 1 | Graphite Capital Partners VIII * Mid-market buyouts | 2013 | UK | 93.4 | 14.9 |
| 2 | Gridiron Capital Fund III Mid-market buyouts | 2016 | North America | 21.9 | 4.2 |
| 3 | ICG Europe VI ** Mezzanine and equity in mid-market buyouts | 2015 | Europe | 19.6 | 3.3 |
| 4 | CVC European Equity Partners VI Large buyouts | 2013 | Europe/USA | 18.2 | 2.9 |
| 5 | Thomas H Lee Equity Fund VII Mid-market and large buyouts | 2015 | USA | 16.6 | 1.6 |
| 6 | BC European Capital IX ** Large buyouts | 2011 | Europe/USA | 15.2 | 0.4 |
| 7 | Advent Global Private Equity VIII Large buyouts | 2016 | Europe/USA | 14.7 | 1.4 |
| 8 | PAI Europe VI Mid-market and large buyouts | 2013 | Europe | 13.9 | 1.7 |
| 9 | ICG Strategic Secondaries Fund II Secondary fund restructurings | 2016 | Europe/USA | 13.5 | 16.2 |
| 10 | Sixth Cinven Fund Large buyouts | 2016 | Europe | 13.2 | 5.4 |
| 11 | Graphite Capital Partners VII * / ** Mid-market buyouts | 2007 | UK | 12.7 | 2.8 |
| 12 | Permira V Large buyouts | 2013 | Europe/USA | 12.6 | 0.9 |
| 13 | One Equity Partners VI Mid-market buyouts | 2016 | Europe/USA | 11.8 | 1.1 |
| 14 | Silverfleet II Mid-market buyouts | 2014 | Europe | 11.4 | 2.1 |
| 15 | ICG Europe VII Mezzanine and equity in mid-market buyouts | 2018 | Europe | 11.1 | 24.9 |
| 16 | Resolute II ** Mid-market buyouts | 2018 | USA | 10.5 | 2.3 |
| 17 | TDR Capital III Mid-market and large buyouts | 2013 | Europe | 10.2 | 2.2 |
| 18 | ICG Asia Pacific Fund III Mezzanine and equity in midmarket buyouts | 2016 | Asia Pacific | 10.1 | 3.9 |
| 19 | BC European Capital X Large buyouts | 2016 | Europe | 9.3 | 4.7 |
| 20 | IK VII Mid-market buyouts | 2013 | Europe | 8.7 | 0.4 |

| Fund | Year of commitment | Country/region | Value £m | Outstanding commitment £m |
|---|--------------------|----------------|--------------|---------------------------|
| 21 Hollyport Secondary Opportunities VI Tail-end secondary portfolios | 2017 | Global | 8.6 | 2.3 |
| 22 Activa Capital Fund III Mid-market buyouts | 2013 | France | 8.5 | 2.1 |
| 23 The Fourth Alcuin Fund Mid-market buyouts | 2015 | UK | 8.2 | 1.7 |
| 24 Permira VI Large buyouts | 2016 | Europe | 8.2 | 1.9 |
| 25 Nordic Capital Partners VIII Mid-market and large buyouts | 2013 | Europe | 8.1 | 1.4 |
| 26 Oak Hill Capital Partners IV Mid-market buyouts | 2017 | USA | 8.1 | 3.4 |
| 27 IK VIII Mid-market buyouts | 2016 | Europe | 7.8 | 1.1 |
| 28 Charterhouse Capital Partners X Large buyouts | 2015 | Europe | 7.7 | 5.9 |
| 29 Bain Capital Europe IV Mid-market buyouts | 2014 | Europe | 7.5 | 1.1 |
| 30 Harwood Private Equity IV Mid-market buyouts | 2015 | UK | 7.4 | - |
| Total of the largest 30 fund investments | | | 428.7 | 118.2 |
| Percentage of total investment Portfolio | | | 54.8% | |

* Includes the associated Top Up funds.

** All or part of an interest acquired through a secondary fund purchase.

Portfolio analysis

All balance sheet data is presented on a look-through basis to the investment portfolio held by the Company, which is consistent with the commentary in previous annual and interim reports

| Investment category | % of portfolio |
|---|-----------------------|
| High conviction portfolio | |
| ICG | 21.1% |
| Third party co-investments | 16.4% |
| Third party secondary investments | 3.9% |
| Total High Conviction investments | 41.4% |
| Third party funds portfolio | |
| Graphite Capital primary funds | 13.4% |
| Third party primary funds | 45.2% |
| Total diversified fund investments | 58.6% |
| Total | 100.0% |

| Portfolio by investment type | % of value of underlying investments |
|-------------------------------------|---|
| Large buyouts | 49.6% |
| Mid-market buyouts | 41.5% |
| Small buyouts | 5.6% |
| Other | 3.3% |
| Total | 100.0% |

| Portfolio by calendar year of investment | % of value of underlying investments |
|---|---|
| 2019 | 11.5% |
| 2018 | 20.6% |
| 2017 | 19.4% |
| 2016 | 16.8% |
| 2015 | 8.0% |
| 2014 | 8.8% |
| 2013 | 8.2% |
| 2012 | 1.7% |
| 2011 | 0.9% |
| 2010 | 1.3% |
| 2009 | 1.0% |
| 2008 | 0.2% |
| 2007 | 1.3% |
| 2006 and before | 0.3% |
| Total | 100.0% |

| Portfolio by sector | % of value of underlying investments |
|-----------------------------|---|
| Healthcare and education | 22.7% |
| Industrials | 21.6% |
| Consumer goods and services | 13.8% |
| TMT | 13.5% |
| Business services | 12.4% |
| Leisure | 7.6% |
| Financials | 5.4% |
| Other | 3.0% |
| Total | 100.0% |

| Portfolio by geographic distribution based on location of Company headquarters | % of value of underlying investments |
|---|---|
| UK | 29.9% |
| North America | 29.5% |
| Europe | 36.4% |
| Rest of world | 4.2% |
| Total | 100.0% |

Balance sheet information

The summary balance sheet at 31 October 2019 is set out below.

| | 31 October 2019 | % of net assets | 31 January 2019 | % of net assets |
|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | £m | | £m | |
| Total portfolio | 782.6 | 99.5% | 694.8 | 95.1% |
| Cash and liquid assets | 33.1 | 4.2% | 60.6 | 8.3% |
| Other net current liabilities | (29.5) | (3.7%) | (24.5) | (3.4)% |
| Net assets | 786.2 | 100.0% | 730.9 | 100.0% |

Movement in the portfolio

| £m | 9 months 31 October 19 |
|---|---------------------------------------|
| Opening Portfolio* | 694.8 |
| Third-party funds portfolio drawdowns | 68.6 |
| High conviction investments – ICG funds, secondary investments and co-investments | 41.0 |
| Total new investment | 109.6 |
| Realisation Proceeds | (108.1) |
| Net cash (inflow)/outflow | 1.5 |
| Underlying Valuation Movement** | 87.6 |
| Currency movement | (1.3) |
| Closing Portfolio* | 782.6 |
| % underlying Portfolio growth (local currency) | 12.6% |
| % currency movement | (0.2%) |
| % underlying Portfolio growth (Sterling) | 12.4% |

** 85% of the Portfolio is valued using 30 September 2019 (or later) valuations (31 Jan 19: 91%).

Movement in liquid assets

| £m | 9 months 31 October 19 |
|---|------------------------------|
| Additions | (109.6) |
| Cash proceeds generated by the portfolio (including income) | 108.1 |
| Net cash generated by the investment portfolio | (1.5) |
| Non-investment cash flows | (11.8) |
| Effect of changes in foreign exchange rates | 0.1 |
| Cash inflow before shareholder distributions | (13.2) |
| Dividends paid to shareholders | (11.7) |
| Share buy backs | (2.6) |
| Net cash movement | (27.5) |
| Opening cash and liquid assets | 60.6 |
| Closing cash and liquid assets | 33.1 |

Uncalled commitment coverage

| | 31 October 2019 £m | 31 January 2019 £m |
|------------------------------------|--------------------------|--------------------------|
| Cash and liquid assets | 33.1 | 60.6 |
| Undrawn bank facility | 151.7 | 103.9 |
| Total liquidity | 184.8 | 164.5 |
| Outstanding commitments | 493.7 | 411.2 |
| Less: Total liquidity | (184.8) | (164.5) |
| Over-commitment | 308.9 | 246.7 |
| Over-commitment as % of net assets | 39.3% | 33.7% |